

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1634 - SB 1809

March 31, 2011

SUMMARY OF BILL: Specifies that a managed care entity is not exempt from federal and state antitrust law, regardless of whether or not the entity contracts with a private act hospital authority that has such exemption.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$100,000*

Assumptions:

- Anticompetitive acts by private act hospitals are undertaken for the purpose of maximizing hospital utilization and revenue generated for the hospital. These acts are also undertaken to minimize the cost of the hospital's provider agreements.
- Managed care entities that contract with private act hospital authorities would use this exemption to minimize the costs of its provider network. Preventing this exemption will increase the cost of the managed care entity's provider agreements. The managed care entities will shift these increased costs to the private act hospital authorities by increasing the contracted rates.
- No direct cost impact on the TennCare program.
- There are a number of unknown factors that will affect the fiscal impact of the proposed legislation. An exact estimate is not possible, but it is reasonably estimated to result in an increase in local expenditures exceeding \$100,000.

**Article II, Section 24 of the Tennessee Constitution provides that: No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

HB 1634 - SB 1809

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml